

Assembly Bill No. 538

CHAPTER 63

An act to amend Sections 31453, 31454, and 31454.1 of the Government Code, relating to county employees' retirement.

[Approved by Governor July 18, 2005. Filed with
Secretary of State July 18, 2005.]

LEGISLATIVE COUNSEL'S DIGEST

AB 538, Harman. County employees' retirement: rate adjustments.

Existing law requires an actuarial valuation to be conducted at least every 3 years with respect to any retirement system established under the County Employees Retirement Law of 1937. The assumptions and calculations of the actuary are excepted from specified requirements connected with public employee labor relations. Following the actuarial valuation, the board of retirement of the system is required to recommend to the county board of supervisors any change in interest rates, contribution rates, or appropriations that is necessary. The board of supervisors is further required to adjust the rates of contribution of members and of appropriation in accordance with these recommendations.

This bill would require the board of retirement to recommend to the governing body of a district within the county system that is not governed by the board the changes in rates of contributions of district members and in district appropriations, based upon the actuarial valuation described above. The bill would require the governing body of a district within the county system that is not governed by the board of supervisors to make adjustments in rates of contributions and appropriations in accordance with the recommendations of the board of retirement, as specified. The bill would make conforming changes in provisions excepting actuary information from requirements connected with public employee labor relations. The provisions of the bill would only be operative in a county upon a majority vote of the governing body of the county.

The people of the State of California do enact as follows:

SECTION 1. Section 31453 of the Government Code is amended to read:

31453. (a) An actuarial valuation shall be made within one year after the date on which any system established under this chapter becomes effective, and thereafter at intervals not to exceed three years. The valuation shall be conducted under the supervision of an actuary and shall cover the mortality, service, and compensation experience of the members and beneficiaries, and shall evaluate the assets and liabilities of the

retirement fund. Upon the basis of the investigation, valuation, and recommendation of the actuary, the board shall, at least 45 days prior to the beginning of the succeeding fiscal year, recommend to the board of supervisors the changes in the rates of interest, in the rates of contributions of members, and in county and district appropriations as are necessary. With respect to the rates of interest to be credited to members and to the county or district, the board may, in its sound discretion, recommend a rate that is higher or lower than the interest assumption rate established by the actuarial survey. No adjustment shall be included in the new rates for time prior to the effective date of the revision.

(b) (1) Upon the basis of the investigation, valuation, and recommendation of the actuary, the board shall, at least 45 days prior to the beginning of the succeeding fiscal year, recommend to the governing body of a district within the county system that is not governed by the board of supervisors the changes in the rates of contributions of district members and in district appropriations as are necessary.

(2) This subdivision shall not be operative in any county until the board of supervisors, by resolution adopted by majority vote, makes the provision applicable in that county.

SEC. 2. Section 31454 of the Government Code is amended to read:

31454. (a) The board of supervisors shall, not later than 90 days after the beginning of the immediately succeeding fiscal year, adjust the rates of interest, the rates of contributions of members, and county and district appropriations in accordance with the recommendations of the board, but shall not fix them in amounts that reduce the individual benefits provided in this chapter.

(b) (1) The governing body of a district within the county system that is not governed by the board of supervisors shall, not later than 90 days after the beginning of the immediately succeeding fiscal year, adjust the rates of contributions of district members and in district appropriations in accordance with the recommendations of the board, but shall not fix them in amounts that reduce the individual benefits provided in this chapter.

(2) This subdivision shall not be operative in any county until the board of supervisors, by resolution adopted by majority vote, makes the provision applicable in that county.

SEC. 3. Section 31454.1 of the Government Code is amended to read:

31454.1. (a) The independent assumptions and calculations of an actuary contained in the actuarial valuation required by Section 31453 shall not be subject to the “meet and confer” provisions of the Meyers-Milias-Brown Act; however, it is recognized that those provisions require that the board or the board of supervisors meet and confer with representatives of recognized employee organizations prior to determining a course of action with respect to the recommendations contained in the actuarial valuation.

(b) (1) The independent assumptions and calculations of an actuary contained in the actuarial valuation required by Section 31453 shall not be subject to the “meet and confer” provisions of the Meyers-Milias-Brown

Act; however, it is recognized that those provisions require that the governing body of a district within the county system that is not governed by the board of supervisors meet and confer with representatives of recognized employee organizations prior to determining a course of action with respect to the recommendations contained in the actuarial valuation.

(2) This subdivision shall not be operative in any county until the board of supervisors, by resolution adopted by majority vote, makes the provision applicable in that county.

(c) The intent of the Legislature, in enacting this section, is to insure the solvency and actuarial soundness of the retirement systems governed by this chapter by preserving the independent nature of the actuarial evaluation process.